SUPREME COURT, U. S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1968, NO. 208

AMERICAN OPTICAL COMPANY, C'BON, INC AND COOL-RAY, INC.,

Respondents,

v.

RAYEX CORPORATION AND MONACO OPTICAL CORPORATION,

Petitioners.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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IN THE

Supreme Court of the United States

October Term, 1968, No. 208

AMERICAN OPTICAL COMPANY, C'BON, INC. AND COOL-RAY INC.,

Respondents,

v.

RAYEX CORPORATION AND MONACO OPTICAL CORPORATION,

Petitioners.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable, the Chief Justice and the Justices of the Supreme Court of the United States:

Respondents pray that petitioners' request for the issuance of a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit, entered in this case on April 26, 1968 (rehearing denied May 20, 1968), be denied.

Questions Presented

1. Are there any grounds for review where a party has failed to take an appeal from a preliminary injunction and subsequently presents evidence which is considered by the district court as well as the court of appeals and results in complete affirmance of the original decree?

2. Can a court, which is asked to review an earlier decree from which no appeal was taken, consider, in refusing to disturb the earlier and unappealed decree, the fact that subsequently presented evidence was in existence and available at the time of the original proceeding?

3. Does Section 43(a) of the Lanham Act create a new right of action separate and distinct from conventional trademark causes of action and one which does not require the traditional earmarks of trademark causes of action?

4. Is a party in contempt of a preliminary injunction order when it fails to live up to both the spirit and the letter of the order.

Statement of the Case

Petitioners* seek a writ of certiorari to review the decision of the United States Court of Appeals for the Second Circuit. That decision affirmed an order of the United States District Court for the Southern District of New York dated May 23, 1967 which covered two separate matters:

A. granted respondents' motion to punish for contempt; and

B. denied petitioners' cross-motion to vacate the preliminary injunction entered herein on July 1, 1966.

This action was commenced on June 8, 1966 and charged petitioners with improper use of photographs of respond-

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* American Optical Company, C'Bon, Inc. and Cool-Ray, Inc. will be referred to herein as "respondents"; Rayex Corporation and Monaco Optical Corporation will be referred to as "petitioners." In addition thereto, references to Petitioners' Brief will be to "Pet. Br." followed by the page number. The Record will be cited as "R." followed by the page number.

ents' sunglasses in its Astro-Ski catalog to advertise and promote the sale of petitioners' lower-priced and inferior products. Specifically, respondents contended that petitioners had caused a photograph of respondents' Camelot sunglasses to be inserted in petitioners' Astro-Ski catalog under the designation "#1011 Alpine," and had improperly used the catalog photograph to sell petitioners' sunglasses. Moreover, the complaint specified that the Alpine sunglasses were in fact different in appearance from the Camelot sunglasses, with the Alpine also being inferior in construction and sold at a lower price. Preliminary and final injunctive relief and an accounting were sought under Section 43(a) of the Lanham Act of 1946 (15 U.S.C. § 1125(a)).

The complaint was accompanied by an order to show cause for a preliminary injunction supported by detailed affidavits reciting the basis for the injunctive relief sought (R. 1-40).* In opposition, petitioners submitted the single affidavit of their president, Raymond Tunkel (R. 55-61). On June 14, 1966, the return date specified in the order to show cause, oral argument was heard before the Honorable Charles H. Tenney. The district court granted respondents' motion in its opinion of June 28, 1966 (R. 63-69) and entered its preliminary injunction order on July 1, 1966 (R. 73-77). No appeal was taken from that order, nor was any reargument sought.

In the preliminary injunction order (R. 73-75), petitioners were enjoined from using photographs of respondents' Camelot sunglasses to sell petitioners' Alpine sun-

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* Petitioners decry (Pet. Br. 4) their alleged lack of preparedness for the oral hearing on June 14, 1966 on respondents' application for a preliminary injunction. Nevertheless, no request was made of the Court for any extension.

glasses, from circulating any catalog which included such photographs and from selling sunglasses previously designated as #1011 Alpine ordered from the complained of Astro-Ski catalog.

In addition, and at least as important, petitioners were ordered to take certain affirmative steps to assure that no sales would be made as a result of petitioners' prior wrongful activity to the further irreparable harm of respondents. Among the affirmative acts which petitioners were to perform in compliance with the order of July 1, 1966 was to withdraw the complained of Astro-Ski catalog:

> ... *by mailing to all persons,* firms, organizations and companies *known or believed to possess a copy of same, a letter* in the form annexed as Exhibit A to this Order, said letter to be mailed by defendants within ten (10) days of the date of this Order. Defendants shall maintain accurate records of the addressees of such letters and the respective dates of mailing. (R. 74, para. 2.A, emphasis added.)

Although thousands of petitioners' catalogs were printed and mailed (R. 58; 1148-53), petitioners only sent out eleven of the Exhibit A letters (R. 1670; 468-72; 489-90).

On the basis of this amazing revelation, and as respondents' counsel indicated on the record on August 16, 1966 (R. 496-97) during the deposition of Mr. Tunkel, respondents intended to move to punish petitioners for their blatant contempt. However, in order to afford petitioners' newly appointed counsel every opportunity to explore, in any manner they saw fit, all the facts in this case and to make whatever "complete development" (Pet. Br. 3) they felt was necessary, respondents voluntarily deferred bringing

on their motion so that "the Rayex story" could be developed. There followed extensive depositions taken by petitioners of four of their own witnesses, as well as of two of respondents' witnesses. Accordingly, petitioners were able to develop their own "story" following their own "script." "Full exercise of the right of cross-examination" (Pet. Br. 5) demonstrated numerous inconsistencies and apparent fabrications by petitioners' own witnesses.

Respondents' motion to punish for contempt and petitioners' cross-motion to vacate the order for preliminary injunction were considered by Judge Tenney, who also heard testimony and extensive argument at hearings held on January 18 and 24, 1967 (R. 1746-1922). The court also had the opportunity to observe the cross-examination by petitioners of Gino L. Agraz, an expert photographic witness whose affidavits were relied on by respondents, both during the initial preliminary injunction proceeding and on petitioners' motion to vacate that injunction. The court later characterized Mr. Agraz's testimony as "highly credible" (R. 1692).

Thereafter, the court granted respondents' motion and denied petitioners' motion in a further opinion handed down on April 26, 1967 (R. 1667-1702). Petitioners appealed from the order entered on Judge Tenney's opinion on May 23, 1967 (R. 1718-19). The Court of Appeals for the Second Circuit affirmed on April 26, 1968 and denied a petition for rehearing on May 20, 1968. The petition to this Court was docketed on June 18, 1968.

Reasons for Denying the Writ

1. Petitioners' first purported reason for granting the writ is based upon an alleged "conflict" which in reality is non-existent. There is no conflict between this case and this Court's decision in *United States* v. *United States Smelting, R. & M. Co.*, 339 U.S. 186 (1950), nor is there any conflict with the Ninth Circuit's decision in *Tanner Motor Livery, Ltd.* v. *Avis, Inc.*, 316 F.2d 804 (9th Cir.), *cert. denied*, 374 U.S. 821 (1963). The court of appeals in this case never held that petitioners "must appeal or go to trial on the merits." (Pet. Br. 6)

2. Petitioners were not foreclosed, either in the district court or in the court of appeals, from presenting evidence relating to "changed circumstances" involving matters which were in existence at the time of the original preliminary injunction proceeding. Both lower courts were entitled to and undoubtedly did take this factor into consideration in reaching their respective decisions. The conflicts alleged to exist by petitioners have no basis in fact, and all of petitioners' cases cited to this effect are therefore irrelevant.

3. The interpretation of Section 43(a) of the Lanham Act of 1946 made by the district court and affirmed by the court of appeals was squarely within the Act and is consistent with the intent of Congress in passing that Act whereby a new and different cause of action was created. There is no conflict between this interpretation and that placed on Section 43(a) by any of the other principal courts which have considered that section. *Maternally Yours, Inc.* v. *Your Maternity Shop, Inc.*, 234 F.2d 538 (2d Cir. 1956)

(concurring opinion at 546); *L'Aiglon Apparel, Inc.* v. *Lana Lobell, Inc.*, 241 F.2d 649 (3d Cir. 1954); *Parkway Baking Co.* v. *Freihofer Baking Co.*, 255 F.2d 641 (3d Cir. 1958); *Federal-Mogul-Bower Bearings, Inc.* v. *Azoff*, 313 F.2d 405 (6th Cir. 1963); *Smith-Victor Corp* v. *Sylvania Electric Products, Inc.*, 242 F. Supp. 302 (N.D. Ill. 1965); *Gold Seal Co.* v. *Weeks*, 129 F. Supp. 928 (D.D.C. 1955), *aff'd sub nom. S. C. Johnson & Son* v. *Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956). Once again, the conflicts alleged by petitioner (Pet. Br. 7) are nonexistent; those "conflicting" cases are either distinguishable from or in actual harmony with the leading *L'Aiglon* case, *supra*.

4. Petitioners were found to have been in contempt of the district court's injunction order for having failed to perform specifically stated affirmative acts, and also for having committed obvious breaches of the "spirit" of that order. This holding, which was affirmed by the court of appeals, is not affected by this Court's ruling in *Int'l Longshoremen's Ass'n, Local 1291* v. *Philadelphia Marine Trade Ass'n*, 389 U.S. 64, 19 L. Ed. 2d 236 (1967) and is quite clearly in complete harmony with that case, with *Terminal R.R. Ass'n* v. *United States*, 266 U.S. 17 (1924) and with Rule 65(d) of the Federal Rules of Civil Procedure.

5. By any measure, this case is not appropriate for review by writ of certiorari.

Argument

1. Petitioners Were Not Denied Appellate Review by the Court of Appeals.

Petitioners' initial attack is directed against the court of appeals' language, which was critical of petitioners' failure to seek "a trial of the action on the merits" as that language is used in Rule 65 of the Federal Rules of Civil Procedure (R. 1940; Pet. Br. 7-8). However, when the decision is read in context, it is clear that the court of appeals was merely suggesting one illustrative reason why petitioners' case, even at that level, was defective. It is only petitioners who are suggesting that the court of appeals was in error in citing Rule 65 relating to advancing a trial for consolidation with an injunction hearing—the court of appeals made no such suggestion or ruling. Rather, the court was indicating that had petitioners taken advantage of the many available trial procedures, rather than proceeding in the circuitous way they elected, petitioners might have been able to properly pursue an appeal from an ultimately delivered final judgment.

Petitioners seem to be proceeding on the erroneous theory that they are being penalized for having taken an appeal from an interlocutory order, when such appeal is specifically authorized by statute. Thus, petitioners refer to the action of the court of appeals as "making an earlier decision an iron curtain which, whether right or wrong, could not be penetrated." (Pet. Br. 11) Since the decree on which petitioners took their appeal was interlocutory, such appeal was permissive and not mandatory. *Victor Talking Machine Co.* v. *George*, 105 F.2d 697 (3rd Cir.), *cert. denied*, 308 U. S. 611 (1939).

There has never been any contention in this case, as petitioners seem to think (Pet. Br. 8), that the decision on the preliminary injunction, coupled with petitioners' failure to appeal therefrom, represented "the law of the case." Indeed, respondents have never made that contention because it has been clear from the outset that the first decision by the district court was *not* "the law of the case." 6 *Moore's Federal Practice,* ¶58.08-09 (1966 ed.).*

In fact, respondents fully agree with petitioners' citation of *Simmons Co.* v. *Grier Bros. Co.,* 258 U.S. 82 (1922) as standing for the proposition that even if no appeal is taken from an interlocutory decree, the trial court can still revise the decree at any time if necessary. This is so basic a principle of equity jurisdiction that respondents find it difficult to believe that this forms the major piliar of petioners' appeal to this Court.**

Respondents also endorse *United States* v. *United States Smelting, R. & M. Co., supra,* discussed and relied upon by petitioners at pages 8-10 of their Petition. Although the decree appealed from herein was interlocutory, it is clearly an appealable order under 28 U.S.C. § 1292(a)(1). Since respondents do not contend that the first decision of the district court is "the law of the case," no further discussion of *United States Smelting, R. & M. Co.* is believed to be necessary.

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* However, by pursuing the present appeal, petitioners have apparently foreclosed further consideration by the district court of the merits of the case as decided to date. *In re Sanford Fork & Tool Co.,* 160 U.S. 247 (1895); *Smith* v. *Vulcan Iron Works,* 165 U.S. 518 (1897).

** That the district court recognized its power to revise its earlier decree is clear from its statement that "There is ample authority for the proposition that an injunction order may be modified or dissolved in the discretion of the district court." (R. 1686)

Numerous additional cases, including the ones cited by petitioners, reflect the appropriate maintenance of continuous jurisdiction by an equity court over its previously granted decree. This principle is even clear in the case of *United States* v. *Swift & Co.*, 285 U.S. 106 (1932) which petitioners attack so vehemently (Pet. Br. 11). It is also clear from cases such as *Grand Union Equip. Co.* v. *Lippner*, 167 F.2d 958 (2d Cir. 1948); *S. C. Johnson & Son* v. *Johnson*, 175 F.2d 176 (2d Cir.), *cert. denied*, 338 U.S. 860 (1949); and *Tobin* v. *Alma Mills*, 192 F.2d 133 (4th Cir. 1951), *cert. denied*, 343 U.S. 933 (1952).

As to *Tanner Motor Livery, Ltd.* v. *Avis, Inc., supra*, respondents are in full agreement with that decision even though it is heavily relied on by petitioners (Pet. Br. 9). Petitioners quote from *Tanner* to the effect that the district court can reconsider a preliminary injunction order. But there is no dispute on this point. However, the Ninth Circuit did not stop with the sentence quoted by petitioners at page 9 of their Petition. Indeed, the subsequent language of the Ninth Circuit is most revealing (at p. 810):

> . . . We think that in the absence of changed circumstances, and except there be [sic] some other "most cogent reason," when a judge makes or denies an interlocutory order, and when an appeal lies, as of right, from such an order, *it should not be reconsidered, even by the judge who first made the order*, much less by another judge. Orders of United States Courts, deliberately made, after proper notice and hearing, and subject to review by this Court, are not to be lightly changed by any judge of the trial court. (Emphasis added.)

Thus, while the district court here had the *power* to revise its earlier decree, it found nothing in the record to war-

rant such revision. Certainly the expanded record which petitioners presented to the district court was not a basis for revising the decree, since it led the district court to conclude that "I am more fully convinced than before that there was no impropriety in the granting of the injunction." (R. 1688) That the district court, and later the court of appeals, might have applied a rigorous standard in reviewing petitioners' request for revision of the decree is, however, not a ground for relief to be afforded by this Court, or for that matter by any court.

In the present case, the courts below simply noted that from the point of view of expeditious judicial administration, it would have been more desirable had petitioners proceeded with the remainder of the procedures available to them in the trial court. Petitioners would have thus been able to raise the entire spectrum of their case and, if dissatisfied with the result, could appeal from the final judgment. *Western States Mach. Co.* v. *S. S. Hepworth Co.*, 152 F.2d 79 (2d Cir. 1945); *McLain Lines* v. *The Ann Marie Tracy*, 176 F.2d 709 (2d Cir. 1949); *DePinto* v. *Provident Security Life Ins. Co.*, 374 F.2d 50 (9th Cir. 1967).

Petitioners have never been denied (a) the right to appeal; or (b) the right to seek reargument; or (c) the right to obtain appellate review or revision of any of the district court holdings or orders. However, no substantial reviewable issue is presented to this Court simply because petitioners have been unable to convince the tribunals below and now lament the failure of their calculated course to try and retry the initial granting of a preliminary injunction in this case.

2. No Limitation Was Placed on Petitioners' Right to Submit Additional Evidence to the Lower Courts.

Petitioners make much of the fact that they were allegedly deprived of the opportunity to bring before the court of appeals their "fuller record" as developed over the course of several months (R. 1684; Pet. Br. 5). Initially there can be no question that the district court considered all of the proofs which petitioners mustered in their futile cross-motion to vacate the original preliminary injunction. Thus, the district court stated that:

> . . . As will be developed *infra,* the presentation of this complete record more fully convinces me that the preliminary injunction was not improvidently granted. . . . (R. 1684)

and that

> . . . I am more fully convinced than before that there was no impropriety in the granting of the injunction. (R. 1688)

The "attack" (Pet. Br. 4) of which petitioners accuse the court of appeals simply represents the reaction of an appellate court to "tactics which appear to have been designed to divert the Court's attention from the contempt issue" (R. 1684), and to petitioners' attempt "to relitigate on a fuller record preliminary injunction issues already decided by Judge Tenney." (R. 1940) The district court considered all of petitioners' newly submitted evidence—the district court did not preclude the making of a fuller record, but found nothing to suggest that it should change its previous decision. The court of appeals obviously recognized the discretionary nature of the district court's denial of petitioners' cross-motion when they stated, "We

affirm the judge's refusal to vacate the injunction." (R. 1940) Petitioners' statements (Pet. Br. 4-6) to the effect that they were somehow arbitrarily and capriciously limited in their presentations simply have no foundation in fact.

The *Marconi* case on which petitioners rely (Pet. Br. 10) is not pertinent because petitioners were not in fact denied the opportunity which this Court held was available to the appellants in *Marconi*. Simply stated, the district court here permitted petitioners to obtain "reconsideration" of the preliminary injunction following the presentation of "the Rayex story." The district court then denied petitioners' cross-motion to vacate the preliminary injunction and the Second Circuit affirmed. This affirmance belies petitioners' casual and inaccurate statement at page 4 of their Petition that the basic facts of the case were "not reached by the Court of Appeals."

Petitioners make a contorted attempt to distinguish the present case from *United States* v. *Swift & Co., supra.* That the *Swift* case is relevant to the present proceeding in terms of establishing a rigorous standard for those who would seek to have an injunctive decree modified subsequently is revealed by the recent interpretation of that case in *United States* v. *United Shoe Mach. Corp.,* U.S. , 20 L. Ed. 2d 562 (1968). In *United Shoe,* this Court demanded of one seeking such relief "an appropriate showing," noting that in *Swift,* as here, "the defendants sought relief not to achieve the purposes of the provisions of the decree, but to escape their impact." (20 L. Ed. 2d at 566)*

* Petitioners are now, for the first time, showing some serious concern over their burden of establishing some different (if not

Interestingly enough, this Court ultimately permitted the Government in *United Shoe* to present facts showing that even more stringent provisions in the decree were required. Respondents herein do not go so far. They merely would have the original decree continued in full force and effect as has been done by both lower courts in this case.

Petitioners also misconstrue the nature of the proceedings below when they suggest (Pet. Br. 10-11) that the lower courts refused to consider the evidence presented by petitioners in their cross-motion to vacate the earlier preliminary injunction order. That the district court considered this evidence is clear from its second opinion (R. 1688-98). The court of appeals also considered this material (R. 1940), although it certainly treated it summarily, possibly because of petitioners' failure to obtain a final judgment which would have been fully reviewable on appeal.

Admittedly, petitioners' newly appointed counsel has been quite diligent in exhausting the appellate procedures available with respect to the interlocutory decree of May 23, 1967 (R. 1718). "The Rayex story" was developed at great expense to both parties and was then presented to the two lower courts, who considered the story and rejected it. The

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"changed") circumstances to warrant any revision of the original decree (Pet. Br. 4, 6, 10-11). Although the *Swift* case was cited in the second district court opinion (R. 1686), and although this point was extensively briefed by respondents in their answering brief before the court of appeals, petitioners chose to completely omit any reference to *Swift* on the "changed circumstances" standard in their reply brief before the court of appeals. After having been confronted by some rather searching inquiries by the Second Circuit panel at the oral hearing, petitioners' counsel attempted to recoup lost ground by forwarding a letter to the panel. In view of the fact that the letter was dated April 26, 1968, the same date as the court of appeals' opinion, it would appear that the letter properly was not considered.

present complaint of petitioners is not directed to what actually *did* happen (i.e., that "the Rayex story" was dismissed out of hand as incredible or otherwise lacking in merit), but to what *did not* happen (i.e., that the lower courts failed to even consider "the Rayex story").

While it would be difficult to deny that the court of appeals, upon reviewing the extensive record in this case, was concerned with petitioners' obviously dilatory and diversionary tactics, and that the court of appeals certainly considered the fact that "the Rayex story" could have been completely uncovered prior to the original injunction proceeding, or at least at a trial on the merits, that is a far cry from condemning the court of appeals for "making an earlier decision an iron curtain which, whether right or wrong, could not be penetrated." (Pet. Br. 11)

3. The Lower Courts' Interpretation of Section 43(a) Was Correct and in Harmony with Relevant Case Law.

Petitioners seem to be suggesting that Section 43(a) is, in effect, a redundant statutory provision, which merely duplicates existing trademark rights otherwise available to a party under different provisions of the Lanham Act. Contrary to petitioners' suggestions (Pet. Br. 12-14), there is no requirement in Section 43(a) for proof of passing off, confusion or secondary meaning. Section 43(a) was designed to give some assistance to those commercial innovators whose rights are violated by piratical competitors whose activities are wrongful in ways other than traditional trademark infringement. This is not to say, however, that the particular requirements of proof for establishing trademark infringement should be applied when enforcing Section 43(a).

Respondents agree that Section 43(a) "creates a new right of action" (Pet. Br. 11). And while respondents certainly do not object to a reading of Section 43(a) within the context of the Lanham Act, and a construction of that section which is consistent with the overall purpose of the Act (Pet. Br. 12), a clear misreading of the statute and the cases will not go unchallenged. To briefly review what Congress intended as to the proper scope of Section 43(a), it is clear that this section establishes a new right of action for damages and injunctive relief. *L'Aiglon Apparel, Inc.* v. *Lana Lobell, Inc., supra; Maternally Yours, Inc.* v. *Your Maternity Shop, Inc., supra; Scarves by Vera, Inc.* v. *United Merchants & Mfrs., Inc.*, 173 F. Supp. 625 (S.D.N.Y. 1959); *Zandelin* v. *Maxwell Bentley Mfg. Co.*, 197 F. Supp. 608 (S.D.N.Y. 1961); *National Dynamics Corp.* v. *John Surrey, Ltd.*, 238 F. Supp. 422 (S.D.N.Y. 1963). The *L'Aiglon* case heralded the beginning of a long line of cases which has sustained precisely the type of relief which respondents sought and obtained in the present case. In *L'Aiglon*, the Third Circuit, in determining that a cause of action under Section 43(a) was stated, expressed the view that this section of the Lanham Act was not "merely declarative of existing law," and that a broad new federal cause of action had been created thereby. They also analogized the cause of action to one for false advertising (at p. 651). The legal principle that Section 43(a) does not merely codify the common law, but rather creates a new statutory right, is by now unassailable. *Mutation Mink Breeders Ass'n* v. *Lou Nierenberg Corp.*, 23 F.R.D. 155 (S.D.N.Y. 1959); *Gold Seal Co.* v. *Weeks, supra; L'Aiglon Apparel Co., Inc.* v. *Lana Lobell, Inc., supra;* 68 Harv. L. Rev. 816, 881-82 (1955).

Only a "likelihood" of injury is required—there is no need to prove special damages. *Smith-Victor Corp.* v. *Sylvania Electric Products, Inc., supra.* There is no need to show a "secondary meaning," *Zandelin, supra.* There is no need to show intent to deceive or willfulness. *Parkway Baking Co.* v. *Freihofer Baking Co., supra.*

Petitioners also attempt (Pet. Br. 13-14) to create the impression that it is incumbent upon respondents to demonstrate such things as direct pecuniary loss and secondary significance to be entitled to relief. This is clearly unsupportable in view of the clear statutory language affording such relief to "any person who believes that he is or is likely to be damaged." Unquestionably, respondents have suffered actual pecuniary loss as a result of petitioners' offering to the very same trade (R. 541-42; 1223; 1249-50) of its inferior copy being sold at approximately one-half of the retail selling price of respondents' product. Regardless of this, however, petitioners' position simply is not well-founded in law. *Parkway Baking Co.* v. *Freihofer Baking Co., supra,* at 649.

Petitioner's reliance on *Canal Co.* v. *Clark,* 80 U.S. 311 (1871) (Pet. Br. 14), decided 75 years before the Lanham Act created the new statutory right under Section 43(a), is, to say the least, curious. And the issues presented to this Court involve none of the elements which were of concern in the *Sears* and *Compco* cases (Pet. Br. 14).

One of the most complete and cogent expressions of the philosophy behind Section 43(a) is found in *Gold Seal, supra,* where it was pointed out that for a violation of Section 43(a), one

> . . . need not show that any false description or representation was willful of intentional, need not prove actual diversion of trade (palming off, so to speak), need not establish a veritable monopoly position in the industry. It means that wrongful diversion of trade resulting from false description of one's products invades that interest which an honest competitor has in fair business dealings—an interest which the courts should and will protect whether it be called that of "property," "quasi-property" or something else. It represents, within this area, an affirmative code of business ethics, whose standards can be maintained by anyone who is or may be damaged by a violation of this segment of the code. In effect it says: You may not conduct your business in a way that unnecessarily or unfairly interferes with and injures that of another; you may not destroy the basis of genuine competition by destroying the buyer's opportunity to judge fairly between rival commodities . . . 129 F. Supp. at 940.

The cases relied on by petitioners as allegedly demonstrating a conflict among the circuits in the interpretation of Section 43(a) are all clearly distinguishable from the case at bar. Thus, *Samson Crane Co.* v. *Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd*, 180 F.2d 896 (1st Cir. 1950), simply involved a finding that false allegations that a store was being operated for defendant's benefit were not the kind of activity to which Section 43(a) was directed. Moreover, *Samson Crane* makes the perfectly proper suggestion that Section 43(a) should "include only such false descriptions or representations as are of substantially the same *economic* nature as those which involve infringement or other improper use of trade-marks." (87 F. Supp. at 222, emphasis added.) Also unrelated to the

present case is *Hesmer Foods, Inc.* v. *Campbell Soup Co.*, 346 F.2d 356 (7th Cir.), *cert. denied*, 382 U.S. 839 (1965). The *Hesmer* case involved an allegation that defendant falsely used the designation "Barbecue" on its bean can label. While the Seventh Circuit clearly recognized that injunctive relief was available on a showing of "likelihood of consumer deception" (346 F.2d at 359), it simply found no such likelihood under the facts in that case. To characterize the holding in *Hesmer* as "in direct conflict" with the decisions below in this case is ludicrous. Finally, in *Chamberlain* v. *Columbia Pictures Corp.*, 186 F.2d 923 (9th Cir. 1951), those claiming rights to the name "Mark Twain" sought to preclude distribution of a motion picture which allegedly created the impression of having been written by Samuel L. Clemens, whose pseudonym was Mark Twain. The Ninth Circuit in *Chamberlain* directed its attention primarily to the application of Section 43(a) regarding "acquiring a secondary meaning in connection with literary property." (at p. 923) The key distinguishing factor in that case, however, was that the court seems to have required establishing secondary meaning because "the goods are entirely non-competing and unrelated." *Ibid.* That the parties in the present case are competing with one another has never been contested; there is a specific finding to this effect by the district court (R. 63).

Section 43(a) constitutes a statutory code of business ethics and integrity; it is not merely a substitute or alternative to a cause of action for trademark infringement. It is not so broad, as petitioners would have us believe, to "blanket the entire field of trademark and unfair competition law" (Pet. Br. 14); but its scope is surely of sufficient breadth to proscribe petitioners' actions.

4. Petitioners' Contempt of the District Court's Order Is Apparent and the Holdings of Both Lower Courts to this Effect Are Proper in Fact and Law.

That the specific provisions of a court decree must be honored cannot be questioned. But even had petitioners made a "literal" compliance with the injunction, that would not be enough. More than a literal compliance with a decree is necessary—the decree must be honored in its spirit. *John B. Stetson Co.* v. *Stephen L. Stetson Co.,* 128 F.2d 981 (2d Cir. 1942); *Hollander* v. *Hollander,* 318 F.2d 818 (2d Cir.), *cert. denied,* 374 U.S. 831 (1963).

The district court's contempt ruling is supportable within the four corners of its opinion (R. 1670-85). That holding found that petitioners had essentially disregarded both the letter and the spirit of the court's order of July 1, 1966 (R. 73-77). The court of appeals affirmed, finding "ample support" for this holding (R. 1940).

Petitioners' arguments that they have been penalized for failing to do acts not required under the order are not sound. The district court's preliminary injunction order of July 1, 1966 was quite specific in all aspects, prohibitory as well as affirmative. Whether one seeks to characterize the order's letter, spirit or any other component, the tasks which petitioners were required to do were clear—their failure to have done them is equally clear.

No support for petitioners' position can be derived from *Int'l Longshoremen's Ass'n, Local 1291* v. *Philadelphia Marine Trade Ass'n,* 389 U.S. 64, 19 L. Ed. 2d 236 (1967). To rely on the *Longshoremen's* case, petitioners have initially ignored the specific terms of the order, derogated its "spirit" and then analogized this spirit to the "non-existent" language in the *Longshoremen's* case. This analogy

is thoroughly unpersuasive and, in fact, the *Longshoremen's* case is wholly inapplicable to the present situation. In the *Longshoremen's* case, the district court refused to elaborate on or explain the meaning of a very brief order. This Court condemned the order as too unclear to comply with Rule 65(d), Fed. R. Civ. P., in that it contained "only an abstract conclusion of law, not an operative command capable of 'enforcement.' " (19 L. Ed. 2d 244) The contempt finding was therefore reversed, this Court noting the lack of specificity in the decree and characterizing it as "unintelligible."

However, the order herein is detailed in both its affirmative and prohibitory aspects. A comparison of the present specific order (R. 73-77) with the skeleton order of the *Longshoremen's* case instantly reveals the inapplicability of that case.*

Petitioners may claim that they have literally complied with Paragraph 2.A. of the Order. This is not the case. But even if it were, petitioners have certainly not lived up to the spirit of the decree. Their inconsequential efforts to follow the mandate of the order achieved nothing more than a token compliance; it was an obvious and blatant attempt to evade the court order. They have properly been found in contempt.

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* Based on the Supreme Court's opinion, it would appear that the district court's failure in the *Longshoremen's* case to specify the meaning of its order, even when repeatedly requested to do so by counsel for the union, was a clear contributing factor in the decision to reverse the contempt finding—the union's counsel practically pleaded with the court for guidance in a colloquy which is reprinted in the opinion, but the court gave none. Petitioners here needed and sought no guidance. They submitted their own proposed counter-order and then received a detailed direction of what they were supposed to do and refrain from doing.

5. This Case Is Not Appropriate for Review by Writ of Certiorari.

A. *The Supreme Court Should Not Review a Case Where Its Sole Function Is to Give a Petitioner Merely a Further Channel of Appellate Review.*

As will appear from even the most cursory review of the record in this case, there is absolutely no reason, compelling or otherwise, for the Supreme Court of the United States to review the lower court decisions herein. Essentially, what has happened in this case to date is that petitioners have had three attempts to convince two different courts of the merits of their position in opposition to the granting of a preliminary injunction. They have failed on each such occasion. Successive attempts have been made over the past two years to have the district court and then the court of appeals review the specific findings of fact made in respondents' favor. The result of petitioners' having taken this tack in the preliminary phase of this litigation is that, at the appellate level, a contempt order against petitioners has been affirmed and petitioners' motion to vacate the original preliminary injunction has been denied.

In view of the importance of an adjudication in the United States Supreme Court and the impact of its decisions, this Court should not and does not act as a further appellate tribunal. This Court has stated that principle time and again in cases such as *Magnum Import Co.* v. *Coty,* 262 U.S. 159 (1923). In *Magnum,* the Court, of course, recognized its power to review cases by certiorari to the courts of appeals. The Court characterized the primary reasons for granting such review as ". . . to secure uniformity of decision between those courts in the nine circuits; and . . . to bring up cases involving questions of importance which it is in the public interest to have decided by this court of

last resort." 262 U.S. at 163. In the words of Mr. Chief Justice Taft,

> . . . The jurisdiction was not conferred upon this court merely to give the defeated party in the circuit court of appeals another hearing. Our experience shows that 80 per cent of those who petition for certiorari do not appreciate these necessary limitations upon our issue of the writ. *Ibid.*

The principles of this Court as set forth, for example, in *Magnum,* have particular relevancy where there has been extensive fact finding in the lower courts and a petitioner then seeks to have this Court find to the contrary. Thus, in *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.,* 336 U.S. 271 (1949), the Court had before it detailed factual findings following a full trial in a patent case.* The Court in *Graver,* after citing Rule 52(a) of the Federal Rules of Civil Procedure, stated (at p. 275):

> . . . A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error. [citing cases]

Petitioners cannot make any such showing in this case for the simple reason that no error has been made.

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* In the present case, petitioners themselves point out that the record made in bringing out "the Rayex story" was "comprehensive" (Pet. Br. 5); this merely echoed the earlier findings of the district court which referred to "this complete record" and "the extensive record herein" (R. 1684, 1697).

B. *None of the Criteria of This Court's Rule 19 Are Met.*

In seeking to persuade this Court to issue a writ of certiorari, petitioners have created four fanciful categories of alleged "conflicts" between the decisions in this case and those of the federal district and circuit courts, as well as with previous decisions of this Court. As has been previously demonstrated, these conflicts do not exist in fact. Petitioners' attempts to create such conflicts merely reflect their misunderstanding of the decisions below and a misconstruction of these holdings. Thus, the court of appeals did not hold "that a party, to secure relief from a preliminary injunction, must appeal or go to trial on the merits" (Pet. Br. 6, Reason (1)), nor "that a party, to secure relief from a preliminary injunction, could rely only upon 'changes in circumstances which occurred,' that is, facts which arose or came into being, 'after the injunction was entered,' and could not 'relitigate on a fuller record preliminary injunction issues already decided' " (Pet. Br. 6, Reason (2)). Certainly petitioners' failure to appeal from the original preliminary injunction played a significant part in the second district court opinion as well as in the court of appeals' decision herein. But that, of course, is perfectly proper. By such failure, petitioners took on a very substantial burden which they have not been able to discharge.

Petitioners' second reason is also otherwise inapposite. While the court of appeals was undoubtedly influenced by petitioners' concession that nothing had changed since the entry of the original preliminary injunction, the court specifically affirmed the district court's refusal to vacate the injunction (R. 1940). In so affirming, they endorsed the district court's language that:

> . . . Moreover, the remainder of defendants' arguments, rather than showing a change in conditions from the time the injunction was granted, merely rehashes, in far greater detail to be sure, most of the arguments previously presented to the Court and as such would appear to be improperly raised herein. However, even considering the offer of proof as properly before this Court, I am more fully convinced than before that there was no impropriety in the granting of the injunction. (R. 1688)

Accordingly, it is clear that while both lower courts found that petitioners were *entitled* to introduce whatever "newly presented evidence" they claimed to have found, those courts rejected petitioners' claims. The court of appeals' statement about relitigating matters already decided (R. 1940) was an admonition to petitioners. The *holding*, however, was that no reason to modify the injunction had been presented.

Petitioners' third imagined category of conflict relates to Section 43(a) of the Lanham Act. Once again, both courts interpreted Section 43(a) in precise accord with all of the decisions of the respective companion courts (see cases cited at pp. 6-7, *supra*). In view of this harmony with the decisions of other federal courts, there is no basis for sanctioning review of the lower courts' findings by way of granting a writ of certiorari.

Finally, petitioners claim that both the court of appeals and the district court have erroneously held "that defendants were in contempt for failing to do something which the injunction did not command it to do. . ." (Pet. Br. 7, Reason (4)). The detailed order which both of the courts found pe-

titioners to have violated was clear and precise. Little need be added to the specific refutation of petitioners' case in this regard (*supra*, pp. 20-21) and the district court's detailed and express findings on the contempt issue (R. 1670-86). The court of appeals phrased their approval as follows:

> . . . As to the contempt, there was ample support for the judge's finding that appellants' "conduct has been in blatant disregard of the . . . preliminary injunction." (R. 1940)

C. *An Interlocutory Decree Should Only Be Reviewed in an Extraordinary Case.*

Petitioners appear before this Court on the most tenuous of grounds. The order of the district court from which they seek relief (R. 1718-19) granted respondents' contempt motion and denied petitioners' cross-motion to vacate the original preliminary injunction order. In the usual situation, the entering of a contempt order is not even appealable. 6 *Moore's Federal Practice*, ¶54.17 at 154. Only by consolidating their cross-motion to vacate with respondents' contempt motion were petitioners even able to go as far as the court of appeals. Small wonder that the district court should have noted that petitioners' cross-motion constituted "**. . .** tactics which appear to have been designed to divert the Court's attention from the contempt issue." (R. 1684) The court of appeals also saw through petitioners' strategy when that court stated that petitioners "were merely trying to relitigate on a fuller record preliminary injunction issues already decided . . . ." (R. 1940)

Traditionally, this Court has avoided reviewing cases where interlocutory decrees are involved. This is an obvious

and logical principle of judicial review which should only be departed from in highly extraordinary situations. This rigorous standard was set forth, for example, in *American Constr. Co.* v. *Jacksonville, T. & K. W. Ry.*, 148 U.S. 372 (1892), where the Court, by Mr. Justice Gray, stated (at p. 384):

> . . . Clearly, therefore, this court should not issue a writ of certiorari to review a decree of the circuit court of appeals or appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause.

Petitioners can surely not meet that standard. And in view of the further remedies and the full complement of trial procedures which may still be available to petitioners, their Petition certainly does not involve anything which is "fundamental to the further conduct of the case." *United States* v. *General Motors Corp.*, 323 U.S. 373, 377 (1944); *Land* v. *Dollar*, 330 U.S. 731, 734 (1946). Finally, this is not a case involving fatal jurisdictional defects or "an improvident exercise of judicial discretion." *Myers* v. *Bethlehem Shipbldg. Corp.*, 303 U.S. 41, 52 (1937).

In summary, therefore, there is no compelling reason why this Court should issue a writ of certiorari to review the prior decisions in this case. The order from which relief is sought is interlocutory and the case is not an "extraordinary" one.

D. *This Court Should Not Review a Case Which Affects Only the Litigants.*

Another canon under which this Court has traditionally operated is that it will not hear a case in which the outcome of such review will only bear upon the particular litigants appearing before the Court. The facts here are that petitioners are simply dissatisfied with the results of each of the three previous decisions in this case. They apparently feel that they have somehow received only arbitrary and unfair handling each of the three times they have been before the appropriate judicial body. This type of lament, reflecting straightforward dissatisfaction, whether soundly based or not, is too narrow a ground to permit review.

While this Court does not often articulate its reasons for refusing to issue a writ of certiorari, it has occasionally seen fit to do so. Such cases shed a good deal of light on the appropriate standards to be applied when considering petitions such as the one presently before the Court. Thus, in *Rice* v. *Sioux City Memorial Park Cemetery, Inc.*, 349 U.S. 70 (1955) (dismissing writ as improvidently granted), the standard was stated as follows (at p. 74):

> A federal question raised by a petitioner may be "of substance" in the sense that, abstractly considered, it may present an intellectually interesting and solid problem. But this Court does not sit to satisfy a scholarly interest in such issues. Nor does it sit for the benefit of the particular litigants.

And at page 79 of the Opinion in *Rice*, Mr. Justice Frankfurter quoted the words of former Mr. Chief Justice Taft, speaking for a unanimous Court in *Layne & Bowler Corp.* v. *Western Well Works, Inc.*, 261 U.S. 387, 393 (1922):

> . . . [I]t is very important that we be consistent in not granting the writ of certiorari except in cases involving principles the settlement of which is of importance to the public as distinguished from that of the parties, and in cases where there is a real and embarrassing conflict of opinion and authority between the circuit courts of appeal.

The following sentence in the *Layne* opinion, which was not quoted by Mr. Justice Frankfurter, is perfectly applicable herein:

> . . . The present case certainly comes under neither head. (at p. 393)

CONCLUSION

There is no substantial reason why the Supreme Court of the United States should review this case by the issuance of a writ of certiorari. The decisions below are in complete harmony with the prior decisions of this Court and of the Federal Judicial Circuits and Districts. The "conflicts" suggested by petitioners do not exist. Moreover, the decisions herein have particular application and relevance only to the litigants; there is no compelling need for a decision by this Court since such a decision would have very limited impact on others.

In view of the complete propriety of the decisions below, there is no need to bring these decisions "into conformity with established law." (Pet. Br. 16) The Petition for a Writ

of Certiorari to the United States Court of Appeals for the Second Circuit should be denied.

Respectfully submitted,

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